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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1998-1999

First report of the Advisory Committee on Administrative and Budgetary Questions*

PART IX. INTERNAL OVERSIGHT

Section 28. Office of Internal Oversight Services

IX.1. As indicated in paragraph 28.1 of the proposed programme budget, the Office of Internal Oversight Services was established in September 1994 pursuant to General Assembly resolution 48/218 B of 29 July 1994.

IX.2. As can be seen from tables 28.1 and 28.2 of the proposed programme budget, the total level of regular budget resources proposed is $17,548,800 before recosting, an increase of $2,537,300, which signifies a rate of growth of 16.9 per cent. This is mainly the result of full budgeting of posts established in 1996-1997. Extrabudgetary resources as reflected in tables 28.1 and 28.2 amount to $7,839,200, an increase of $1,285,400. The Advisory Committee requested and received comprehensive details of resources pertaining to the audit of peacekeeping operations, funds and programmes. This is shown in the table below.

* The present document contains part IX of chapter II of the first report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 1998-1999. Chapter I has been issued as Official Records of the General Assembly, Fifty-second Session, Supplement No. 7 (A/52/7). The complete first report will be issued as Official Records of the General Assembly, Fifty-second Session, Supplement No. 7 (A/52/7/Rev.1).

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Office of Internal Oversight Services

Extrabudgetary resources: breakdown by source of funds and object of expenditure

(Thousands of United States dollars)

Source of funds	Object of expenditure											
	Posts		Other staff costs		Travel		General operating expenses		Furniture and equipment		Total	
	1996-1997 estimates	1998-1999 estimates	1996-1997 estimates	1998-1999 estimates	1996-1997 estimates	1998-1999 estimates	1996-1997 estimates	1998-1999 estimates	1996-1997 estimates	1998-1999 estimates	1996-1997 estimates	1998-1999 estimates
Services in support of:												
(a) United Nations organizations												
Support for extrabudgetary administrative structures	312.2	264.7				40.0					312.2	304.7
United Nations Joint Staff Pension Fund			327.5	336.2							327.5	336.2
International Trade Centre	196.3	196.3									196.3	196.3
Office of the United Nations High Commissioner for Refugees	1 844.4	2 990.3									1 844.4	2 990.3
Total (a)	2 352.9	3 451.3	327.5	336.2	0.0	40.0	0.0	0.0	0.0	0.0	2 680.4	3 827.5
(b) Extrabudgetary activities												
Support to extrabudgetary substantive activities												
Programme support costs of extrabudgetary substantive activities	665.4	636.3									665.4	636.3
Fund of the United Nations International Drug Control Programme	285.9	306.6			60.0	70.0					345.9	376.6
Subtotal	951.3	942.9	0.0	0.0	60.0	70.0	0.0	0.0	0.0	0.0	1 011.3	1 012.9
Technical cooperation activities												
Extrabudgetary technical cooperation reimbursement resources	565.9	546.0			16.5	98.0					582.4	644.0
Peacekeeping cooperation activities												
Support account for peacekeeping operations	2 279.7	2 330.4						15.4		9.0	2 279.7	2 354.8
Total (b)	3 796.9	3 819.3	0.0	0.0	76.5	168.0	0.0	15.4	0.0	9.0	3 873.4	4 011.7
Total (a) and (b)	6 149.8	7 270.6	327.5	336.2	76.5	208.0	0.0	15.4	0.0	9.0	6 553.8	7 839.2

The Committee requests that future budget submissions clearly indicate and identify the above resources and expenditures.

IX.3. The Advisory Committee was provided with the following information in relation to estimated travel expenditures pertaining to peacekeeping operations, funds, programmes and other entities:

Estimated travel expenditures, 1996-1997

	(United States dollars)
ITC (Investigations)	4 300
UNRWA (Investigations)	35 300
UNDP (Investigations)	30 800
UNICEF (Investigations)	10 000
Tribunal/Former Yugoslavia (Investigations)	10 000
Tribunal/Rwanda (Investigations/audit)	49 500
Peacekeeping missions (Investigations)	64 982*
Peacekeeping missions (Audit and management consulting) (Estimates for one year)	125 900**

* Includes travel costs for one Legal Officer to assist in investigative cases.

** Is included in the budget of individual peacekeeping missions.

IX.4. With regard to requirements for travel, the Advisory Committee notes that an amount of $780,900 before recosting has been proposed for the biennium 1998-1999 under regular budget resources, representing an increase of 43.4 per cent over the biennium 1996-1997. In addition, as indicated in table 28.2, requirements under extrabudgetary resources are shown as $208,000 for travel during the biennium 1998-1999 compared with an estimate of $76,500 for the biennium 1996-1997.

IX.5. As indicated in table 28.3 of the proposed programme budget, the total number of regular budget posts proposed for the biennium 1998-1999 is 82, representing an increase of eight regular budget posts as compared with the total of 74 posts for the biennium 1996-1997. The Advisory Committee notes that

the seven temporary posts funded under the regular budget during 1996-1997 are no longer proposed to be continued as temporary posts but are proposed to be converted to established posts. As indicated in table 28.3, the total number of extrabudgetary posts proposed for the biennium 1998-1999 is 34, representing an increase of four extrabudgetary posts as compared with the total of 30 posts for the biennium 1996-1997.

IX.6. The Advisory Committee was informed that during 1996-1997 resources for three posts had been allocated for the appointment of resident auditors in peacekeeping operations and that the estimated costs of salaries for the three posts (P-4, P-3, P-2) totalled $341,600. In addition, estimated travel costs to and from missions for audit assignments totalled $22,300. The costs of resident auditors are charged to the relevant peacekeeping operations.

IX.7. The Advisory Committee notes from footnote a to table 28.3 that during the biennium 1996-1997 three gratis personnel on non-reimbursable loan have been contributed at the P-4/3 level and that it was anticipated that during 1998-1999, one of these would continue to be contributed. The Committee recalls the provision of General Assembly resolution 51/243 of 15 September 1997 to phase out expeditiously type II gratis personnel. In this connection, the Committee draws attention to its report on gratis personnel (A/51/813) and the comments it has made on the use of gratis personnel in procurement services; in the case of the Office of Internal Oversight Services, the Committee firmly believes that the practice of using gratis personnel is not appropriate and should be avoided.

IX.8. The Advisory Committee notes from footnote c to table 28.3 that extrabudgetary funds for 34 posts would be provided to the Office of Internal Oversight Services during the biennium 1998-1999 by the different funds and programmes, including by the support account for peacekeeping operations. The Committee also notes that, while the total number of such posts during the biennium 1996-1997 was also 34, four of those posts were on non-reimbursable loan from UNHCR in addition to funding provided for seven other posts by UNHCR.

IX.9. The Advisory Committee notes from table 28.2 that in addition to the regular budget and extrabudgetary posts, an amount of $200,200 before recosting has been proposed for consultants and experts. Information provided to the Committee on the use of consultants indicates, inter alia, that 9 of the 10 consultants hired during 1995, 1996 and 1997 were of the same nationality. In this connection, the Committee recalls General Assembly resolution 51/226 of 3 April 1997, in which the Assembly endorsed the recommendation of the Committee that the Secretariat resume the past practice of submitting, on a biennial basis and in cooperation with the report requested by the Committee on the hiring of retired staff, a report on the hiring and use of consultants, following the format of past reports on the subject.

IX.10. The Advisory Committee notes from paragraph 28.7 of the proposed programme budget that the Office of Internal Oversight Services has established an administrative unit within the Office of the Under-Secretary-General. This unit is responsible for personnel and financial administration and planning and utilization of resources for the office. The proposed staffing would comprise one post at the P-4 level and one General Service post, which are currently in the unit, one P-3 post to be redeployed from the Central Evaluation Unit, and the conversion of one temporary post at the General Service (Principal level) to an established post.

IX.11. The Advisory Committee recalls that the General Assembly, in its resolution 50/239 of 7 June 1996, reaffirmed that procedures for recruitment and promotion applied to personnel of the Office of Internal Oversight Services should be consistent with those applied to the Secretariat. In this connection, the Committee was informed that panels for appointment and promotion have been established in the Office and consist of one representative of the Department of Administration and Management, one representative of the Office of Human Resources Management, and one staff representative and one management representative of the Office of Internal Oversight Services.

IX.12. The Advisory Committee was provided with an organizational chart showing the structure of the Office of Internal Oversight Services in New York. The Committee received information regarding the additional units at Geneva and Nairobi, as well as the resident auditors located at various sites in peacekeeping missions.

IX.13. The Advisory Committee trusts that the structure for the Office of Internal Oversight Services will not become too elaborate and that procedures will be in place for the coordination of the various units with a view to promoting greater efficiency.

IX.14. The Advisory Committee notes from paragraph 28.13 of the proposed programme budget that requirements for the maintenance of office automation equipment for all Office units had been centralized under the Office of the Under-Secretary-General. On inquiry as to the type of automated equipment, the Committee was informed that a project tracking and reporting system had been introduced which enables the Office to monitor the progress and resource allocation of assignments in its four units; prior to the introduction of the system, a time tracking database was used in the Audit and Management Consulting Division for administrative purposes only. While the project tracking and reporting system essentially builds on that database, it had expanded and standardized the database for the entire Office to provide essential management information components. The Committee welcomes this initiative.

IX.15. The Advisory Committee was informed by the Under-Secretary-General for the Office of Internal Oversight Services that guidelines are being prepared to facilitate self-evaluation and monitoring. The Committee trusts that the implementation of these guidelines will ensure the avoidance of duplication among the evaluation, inspection and monitoring subprogrammes of the Office. The Committee trusts that the new guidelines will also help the Office to assess the continuing validity of its recommendations.

IX.16. The Advisory Committee notes that total resources for the Audit and Management Consulting Division of the Office of Internal Oversight Services, as shown in table 28.8, are $16,469,600. In addition, the Committee requested but did not receive information on the resources provided for audit purposes by peacekeeping operations.

IX.17. The Advisory Committee was provided with information regarding the number of audit reports as well as other reports to the General Assembly in addition to audit memoranda and observations issued during the period from 1995 to 1997:

Number of reports produced by the Audit and Management Consulting Division in 1995, 1996 and 1997

Audit reports

1995	33
1996	51
1997	26

Reports to the General Assembly

1995	4
1996	5
1997	5

In addition, a large number of audit memoranda and audit observations have been issued, as indicated below:

	Audit memoranda	Audit observations
1995	39	278
1996	33	303
1997	12	103

IX.18. The Advisory Committee notes from paragraph 28.36 of the proposed programme budget that included in the audit activities planned for 1998-1999 are audits of the EDP Unit and IMIS. The Committee was informed that for 1996-1997, six EDP audits had been completed, six were in progress and four had been completed as at 17 June 1997. The Committee welcomes this given the increased use of technological developments.

IX.19. The Advisory Committee was informed that during 1994, 110 cases were investigated and 100 of these were closed; during 1995, of the 165 cases investigated, 137 were closed; during 1996, there were 191 cases, of which 177 were closed, and in the first three months of 1997, there were 22 cases being investigated. As can be seen from this data, the workload of cases peaked in 1996. The recommendations for corrective action to prevent incidents of fraud or waste, together with greater accountability being called for, may result in a diminution of the caseload. However, it is not really possible to predict the incidence of fraud, waste of resources, abuse of authority, mismanagement and misconduct; nor is it possible to predict the workload of each and every case or the personnel required. Nevertheless, given the progress made by the Office of Internal Oversight Services, the Committee believes that a forecast of 450 additional cases, as indicated in paragraph 28.64 (i) of the proposed programme budget, seems high. The Committee believes that if the forecasted number is not realized and there continues to be positive developments in this area, then savings should be achieved.

IX.20. With regard to the work of the Investigations Section, the Advisory Committee notes the Manual that governs the operating procedures of the Section. The Committee trusts that with respect to investigations and action taken, the Secretary-General will bear in mind General Assembly resolution 48/218 B, in particular paragraph 7, requesting him, inter alia, to ensure that procedures are in place to ensure due process for all parties concerned and fairness during an investigation.